

## Message Text

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TO USMISSION GENEVA

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E.O. 11652: N/A

TAGS: ECE, OCON, EMIN

SUBJECT: ECE COAL COMMITTEE, SEPTEMBER 21-25

PLEASE PASS TO ECE SECRETARIAT, IN CONNECTION WITH ABOVE MEETING AND IN RESPONSE TO SECRETARIAT REQUEST, FOLLOWING STATEMENT ON COAL SITUATION IN THE UNITED STATES:

1. UNITED STATES BITUMINOUS COAL AND LIGNITE PRODUCTION FOR 1974 TOTALED 601.0 MILLION SHORT TONS, A SLIGHT INCREASE FROM THE 591.7 MILLION SHORT TONS PRODUCED DURING 1973. OVERALL PRODUCTIVITY IN BITUMINOUS COAL MINING CONTINUED ITS DECLINE TO 17.3 SHORT TONS PER MAN DAY FROM 17.6 SHORT TONS IN THE PREVIOUS YEAR. THE AVERAGE NUMBER OF DAYS WORKED DROPPED TO 220 DAYS FROM 227 DAYS IN 1973. PRODUCTION INCREASED DESPITE NUMEROUS AND FREQUENT UNAUTHORIZED WORK STOPPAGES DURING THE YEAR, MANY OF WHICH STEMMED FROM LOCAL PROBLEMS AND ISSUES RATHER THAN JOB OR INDUSTRY-RELATED MATTERS. AUTHORIZED WORK STOPPAGES OCCURRED IN AUGUST WHEN

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THE MINERS' UNION HELD A 5-DAY MEMORIAL HOLIDAY AND AGAIN

IN NOVEMBER AND DECEMBER WHEN THE EASTERN AND CENTRAL MINES WERE STRUCK RESULTING IN 24 ADDITIONAL DAYS OF LOST PRODUCTION. SCHEDULED, INCREASINGLY STRINGENT STATE AND FEDERAL AIR POLLUTION REGULATIONS CONTINUED TO BE ENFORCED DURING THE YEAR PLACING HEAVIER BURDENS ON THE PRODUCTIVE CAPACITY OF THE REMAINING MINING OPERATIONS. EFFORTS TO- SUSTAINED THROUGHOUT THE YEAR BUT NO NEW LEGISLATION WAS SUCCESSFULLY PROMULGATED. THE UNCERTAINTY OF POTENTIAL LEGISLATION DIRECTLY AFFECTING MINING COSTS SIGNIFICANTLY WAS INCREASED BY SCHEDULED ADDITIONS TO THE ORIGINAL LEGISLATION.

2. SURFACE MINE PRODUCTION CONTINUED TO INCREASE WHILE UNDERGROUND PRODUCTION DECLINED STEADILY FOLLOWING A TREND ESTABLISHED IN 1972.

3. CONSUMPTION OF BITUMINOUS COAL AND LIGNITE DECLINED DURING THE YEAR REACHING 551 MILLION SHORT TONS FROM THE 1973 HIGH OF 556 MILLION SHORT TONS. ELECTRIC POWER UTILITIES AND RETAIL DELIVERIES INCREASED CONSUMPTION WHILE MANUFACTURING AND MINING INDUSTRIES SHOWED DECREASES IN BITUMINOUS COAL AND LIGNITE CONSUMPTION. ELECTRIC UTILITIES CONTINUED TO REPRESENT THE LARGEST SHARE OF TOTAL CONSUMPTION DURING THE YEAR, EXTENDING AN ESTABLISHED TREND STARTED SOME YEARS AGO.

4. DURING THE YEAR, THE UNITED STATES COAL EXPORTS IN- CREASED SIGNIFICANTLY IN A GENERALLY DISTURBED MARKET RE- SULTING FROM ABRUPT RISES IN PETROLEUM AND COAL PRICES. MUCH OF THE EXPORT COALS SOLD IN 1974 MOVED UNDER SPOT CONTRACTS AT CONSIDERABLY HIGHER PRICE LEVELS CHARACTERIS- TIC OF PERIODS OF COAL SHORTAGES. SOME OF THE HIGHER COAL EXPORTS WERE BALANCED, TO SOME EXTENT, BY UNPRECEDENTED IMPORTS OF COAL AND COKE.

5. BITUMINOUS COAL EXPORTS IN 1974 AMOUNTED TO 60 MILLION SHORT TONS COMPARED WITH EXPORTS OF 53 MILLION TONS IN 1973. DURING 1974, THE UNITED STATES IMPORTED ABOUT 2 MILLION SHORT TONS OF BITUMINOUS COAL AND NEARLY 4 MILLION SHORT TONS OF COKE COMPARED WITH 1973 IMPORTS OF 46 UNCLASSIFIED

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THOUSAND AND 1 MILLION SHORT TONS OF BITUMINOUS COAL AND COKE, RESPECTIVELY.

6. ANTHRACITE PRODUCTION AND CONSUMPTION EXTENDED AN ESTABLISHED DOWNTREND IN 1974 AS OUTPUT DROPPED TO 6 MILLION TONS COMPARED WITH 6.7 MILLION TONS IN 1973. ANTHRACITE EXPORTS IN 1974 WERE SLIGHTLY HIGHER REACHING 735 THOUSAND TONS IN 1974 FROM 717 THOUSAND TONS IN 1973.

7. THE COAL PRICES IN INTERNAL MARKETS WERE VIRTUALLY UNCHANGED DURING THE FIRST QUARTER OF THE YEAR, BECAUSE OF FEDERAL PRICE CONTROL LAWS. THE LIFTING OF THE CONTROLS IN APRIL PERMITTED PRICES ONCE AGAIN TO FLOAT WITH MARKET CONDITIONS WHILE AT THE SAME TIME THE DEMAND FOR LOW-SULFUR COALS ROSE AS ENVIRONMENTAL AIR QUALITY STANDARDS BECAME MORE STRINGENT. THE DEMAND FOR LOW-

SULFUR STEAM COALS REACHED INTO COKING COAL SUPPLIES AND AFFECTED NOT ONLY THE DOMESTIC, BUT ALSO INTERNATIONAL MARKETS ADDING FURTHER PROBLEMS TO AN ALREADY DISTURBED MARKET.

8. INDICATIONS THUS FAR IN 1975 ARE THAT MARKETS HAVE BECOME MORE SETTLED ALTHOUGH PRODUCTION PROBLEMS CONTINUE. PRICES ARE CONTINUING TO RISE ALTHOUGH AT A MORE MODERATE PACE THAN IN 1974. NEW MINE DEVELOPMENT, INITIATED PRINCIPALLY BY CONSUMER ENTERPRISES BOTH FOREIGN AND DOMESTIC, ACCOUNTED FOR SOME OF THE NEW COAL PRODUCTIVE CAPACITY PLANNED FOR THE SHORT TERM. ADDITIONAL PRODUCTION SHOULD BECOME MORE EVIDENT AS THE NEW MINES BEGIN TO COME ON STREAM. PRODUCTION LOSSES OWING TO LABOR UNREST SHOULD BE LOWER IN 1975 WHEN THE OVERALL RESULTS OF THE YEAR ARE COMPILED. SISCO

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